

## **P R E F A C E**

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- 1 The cases mentioned in the Report are those which came to notice in the course of audit of transactions/inspection of accounts relating to periods between 1996-97 and 2003-04. The accounts and records of 14 Zilla Parishads, 121 Panchayat Samitis and 242 Gram Panchayats were inspected between April 2003 and March 2005.**
- 2 Chapter I of this Report contains a brief introduction on the functioning of various levels of Panchayati Raj Institutions (PRIs) in the State. Chapter II deals with observations and comments on the accounts of the PRIs.**
- 3 Chapter III of the report deals with audit comments with regard to implementation of various schemes. Chapter IV with execution of works, Chapter V includes other points of interest and Chapter VI consists of recommendations.**
- 4 This report has been prepared for submission to the Government of Maharashtra in accordance with terms of Technical Guidance and Supervision over the audit of Panchayati Raj Accounts by the Comptroller and Auditor General of India as envisaged by the Eleventh Finance Commission.**

## OVERVIEW

A synopsis of audit findings contained in the Report is presented in this overview. In violation of the provisions of the Account Code and Treasury Rules reconciliation of drawals from and remittances into the treasury has not been carried out. Reconciliation of cash book with bank pass book was overdue in thirteen Zilla Parishads<sup>1</sup> and Rs 17.42 crore drawn from treasury remained unreconciled. .

(Paragraph 2.3)

In all the fourteen Zilla Parishads<sup>2</sup> unspent grants of Rs 232.96 crore were not credited to Government account as of months between June 2004 and December 2004.

(Paragraph 2.6)

In ten Zilla Parishads<sup>3</sup> lapsed deposits of Rs12.17 crore were not credited to revenue head even though the stipulated time limit of three years had elapsed.

(Paragraph 2.8)

In four Zilla Parishad<sup>4</sup> amount of Rs.4.85 crore was irregularly retained under deposit.

(Paragraph 2.9.)

In three Zilla Parishads<sup>5</sup> receipts of Rs.1.04 crore were not credited to Government account between 2000-01 and 2003-04

(Paragraph 2.10)

In seven Zilla Parishads<sup>6</sup> excess expenditure of Rs.30.44 crore over sanction was incurred.

( Paragraph 2.11)

In eleven Zilla Parishads<sup>7</sup> Rs 6.28 crore paid to employees between 1956-57 and 2003-04 remained unadjusted.

(Paragraph 2.13)

In seven Zilla Parishads<sup>8</sup> Rs.1.83 crore earned as interest were not credited to DRDA.

( Paragraph 2.14)

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<sup>1</sup>.Akola,Amravati,Aurangabad,Bhandara,Dhule,Gadchiroli,Hingoli,Jalgaon,Jalna,Nandurbar, Nasik,Thane and Washim.

<sup>2</sup>Akola,Amravati,Aurangabad,Bhandara,Dhule,Gadchiroli,Hingoli,Jalgaon,Jalna,Nandurbar, Nasik,Pune,Thane and Washim

<sup>3</sup> Akola,Amravati,Aurangabad,Bhandara,Gadchiroli,Hingoli,,Nasik,Pune,Thane and Washim

<sup>4</sup> Amravati,Bhandara,Jalgaon and Pune.

<sup>5</sup>Bhandara,Jalgaon and Pune.

<sup>6</sup> Akola,Amravati,Aurangabad,Dhule,Gadchiroli,Nandurbar and Washim.

<sup>7</sup> Akola,Amravati,Aurangabad,Bhandara,Dhule,Gadchiroli,Hingoli,Jalgaon, Nasik,Thane and Washim.

<sup>8</sup> Akola,Amravati,Aurangabad,Bhandara,Gadchiroli,Hingoli and Washim

In four Zilla Parishads<sup>9</sup> cesses on land revenue and stamp duty of Rs.48.96 crore were not received from Government.

*(Paragraph 2.16)*

In three Zilla Parishads<sup>10</sup> agency charges of Rs.2.63 crore were not received from Government by Zilla Parishads.

*(Paragraph 2.17)*

Nasik Zilla Parishad had not utilised grants of Rs 0.11 crore released under XI th Finance Commission during 2002-03.

*(Paragraph 3.1.1)* Matching contribution of Rs.2.92 crore of Xth and XIth F.C. grants was not made by Zilla Parishad Nandurbar.

*(Paragraph 3.1.2)*

Xth F.C. grants of Rs.2.30 crore received between January and March 2003 were irregularly diverted by Zilla Parishads Gadchiroli and Jalna.

*(Paragraph 3.1.3)* In Zilla Parishad Pune under the scheme for free supply of school uniforms to BPL students recovery of Rs.1.19 crore was not made from supplier for delay in supply of uniforms.

*(Paragraph 3.5.1)*

In all fourteen Zilla Parishads<sup>11</sup> test checked 10327 works were lying incomplete after incurring expenditure of Rs 89.93 crore.

*(Paragraphs 4.1)*

Despite establishment of Rural Hospitals avoidable expenditure of Rs 6.38 crore was incurred on primary health centers.

*(Paragraph 4.3)*

In eight Zilla Parishads<sup>12</sup>, District Village Development Fund loans aggregating to Rs 2.76 crore and contribution of Rs 1.23 crore remained to be recovered from the Gram Panchayats..

*(Paragraph 5.6)*

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<sup>9</sup> Jalgaon,Nandurbar,Pune and Thane.

<sup>10</sup> Jalgaon,Pune and Thane.

<sup>11</sup> Akola,Amravati,Aurangabad,Bhandara,Dhule,Gadchiroli,Hingoli,Jalgaon,Jalna,Nandurbar,Pune Nasik,Thane and Washim

<sup>12</sup> ,Amravati,Aurangabad,Bhandara,Gadchiroli,Hingoli,Jalgaon,Jalna Nasik,Pune and Washim

In eleven Zilla Parishads<sup>13</sup>, Rs 9.92 crore remained to be recovered in 2634 cases of misappropriation.

*(Paragraph 5.7)*

In nine Zilla Parishads<sup>14</sup> arrears of taxes of Rs 10.17 crore were pending recovery from the beneficiaries as of March 2004.

*(Paragraph 5.8.1)*

In 12 Zilla Parishads<sup>15</sup>, Rs 6.68 crore was outstanding on account of recovery of cost of repairs and maintenance of hand pumps and electric pumps.

*(Paragra*

In Zilla Parishad Thane water cess of Rs.56.35 crore was not recovered out of water charges collected by BMC, Irrigation Department, MJP and MIDC.

*(Paragraph 5.11)*

In Zilla Parishad Thane Rs.4.85 crore being cost of PHC building and expenditure on establishment was not recovered from two Municipal Corporation.

*(Paragraph 5.13)*

In two Zilla Parishads<sup>16</sup> Rs.6.36 crore (loan and interest thereon) was pending recovery from 6 poultry societies.

*(Paragraph 5.15)*

In two Zilla Parishads<sup>17</sup> grant of Rs.1.72 crore was utilized on items of expenditure which was not permissible.

*(Paragraph 5.16)*

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<sup>13</sup> Akola, Amravati, Aurangabad, Bhandara, Dhule, Jalgaon, Jalna, Nasik, Nandurbar, Thane and Washim

<sup>14</sup> Akola, Amravati, Aurangabad, Hingoli, Jalgaon, Nasik, Nandurbar, Thane and Washim

<sup>15</sup> Akola, Amravati, Aurangabad, Bhandara, Gadchiroli, Hingoli, Jalgaon, Jalna, Nasik, Nandurbar, Thane and Washim

<sup>16</sup> Jalgaon and Pune.

<sup>17</sup> Gadchiroli and Hingoli.

## **CHAPTER I**

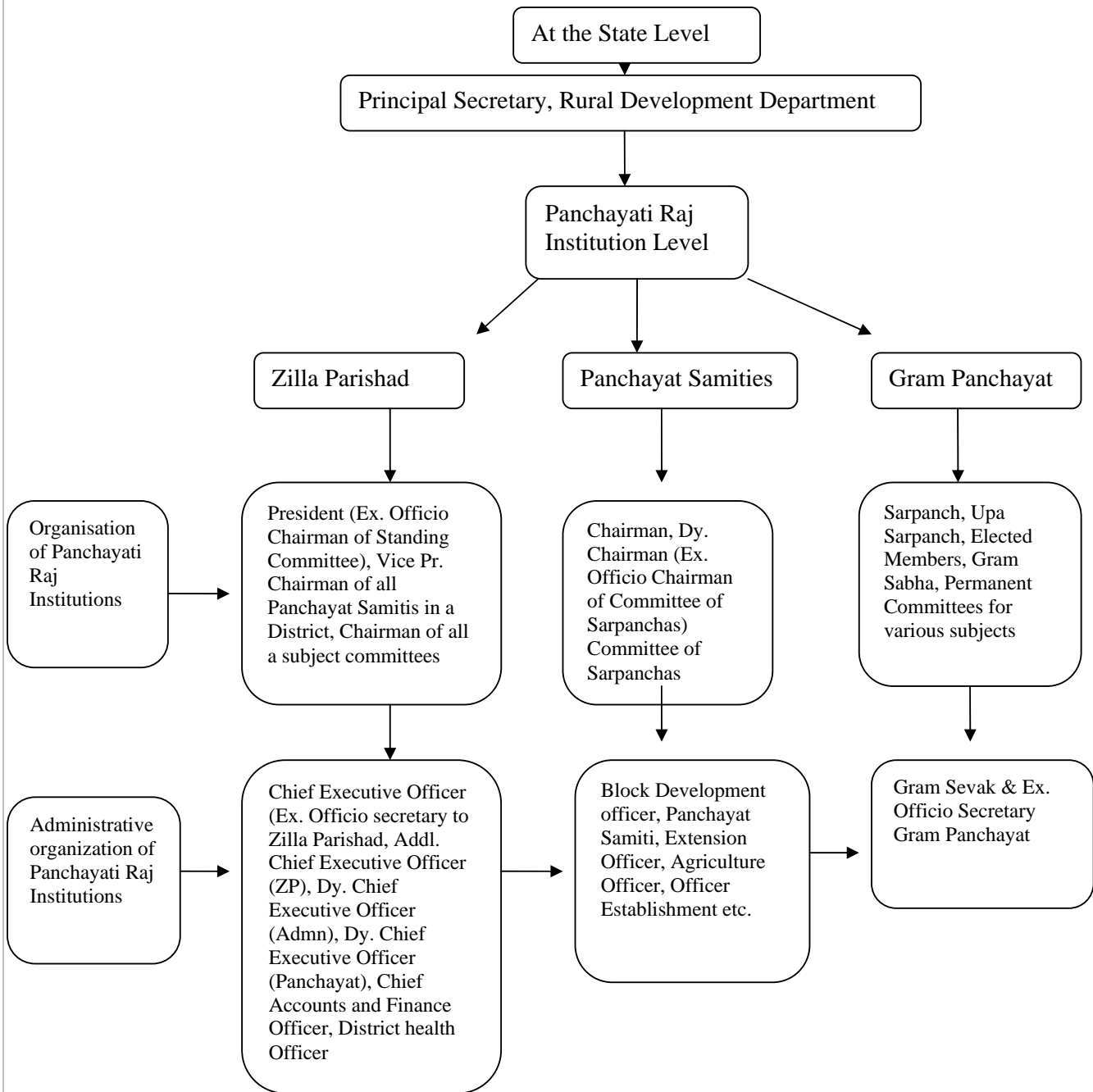
### **1.1 Introduction**

Zilla Parishads and Panchayat Samitis in Maharashtra function under the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961. Accounting transactions are regulated as per the Maharashtra Zilla Parishads and Panchayat Samitis Account Code, 1968. The Eleventh Finance Commission (EFC) recommended that the Comptroller and Auditor General of India shall be responsible for exercising control and supervision over the proper maintenance of the accounts and their audit for all the three tiers/levels of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs).

The State Government has placed the work of Local Fund Audit under the Technical Guidance and Supervision (TGS) of the Comptroller and Auditor General of India. During 2004-05, the transactions of 14 Zilla Parishads (ZPs), 121 Panchayat Samitis (PSs) and 242 Gram Panchayats (GPs) were test checked. A supplementary test check of the accounts of the ZPs was also done.

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## 1.2 Organisational structure



### **1.3 Audit coverage**

**1.3.1** A test check of records of 14 ZPs<sup>18</sup> out of 33 ZPs for periods between 1996-97 and 2003-04 was conducted during the year 2004-05. While auditing the accounts of 14 ZPs and 121 PSs, records relating to selected 242 GPs falling under the jurisdiction of respective PSs were also test-checked

### **1.4 Financial Profile**

#### **1.4.1 Sources of Funds**

In order to achieve regional balance, the allocation and release of funds to PRIs is based on certain indicators such as population, backwardness in irrigation, literacy percentage, backwardness in medical and health facilities etc. Allocation of resources is also governed by the recommendations of the State Finance Commission. Some of the salient features of the recommendations of 1<sup>st</sup> State Finance Commission Report published in January 1997 as under:-

- The revenue realized from Transfer & Agency schemes shall be kept with Zilla Parishad & not transferred to Government. Where the rate of agency charges payable shall be 10% instead of 3% of expenditure
- Every Zilla Parishad shall be paid Rs 25 lakh/per year as incentive grant subject to some conditions, out of which 50% amount shall be distributed to Panchayat Samiti in equal proportion by ZPs.
- The Land Revenue Cess collected by PRIs & the Land Revenue Cess Grant Disbursement based thereon shall be

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<sup>18</sup>Akola, Amravati ,Aurangabad, Bhandara, Gadchiroli ,Hingoli, ,Jalna, and Washim( period covered up to 2002-03)  
Dhule, Jalgaon Nasik,Nandurbar,Pune,Thane( period covered up to 2003-04)

related to the demand & not the recovery, 66.67% of the demand there of shall be paid as an advance to the PRIs payable in one or two instalments and also to the GPs.

- Out of revenue collected by State Government on Account of Professional Tax, 10% amount shall be kept aside out of which 20% shall be paid to GPs based on population.
- To meet the expenditure on Water Supply Schemes & to run them on the principle of No Profit/No Loss, the water rates shall be revised accordingly and Where there is no piped Water Supply scheme and they have to depend on borewells & Public Wells, the GPs shall levy water taxes for which amendment is required to be made in VP Act.
- A periodical review of the levy of taxes shall be made the rates shall be kept to the level of their expenditure and they shall be so revised that the expenditure made thereon shall be recovered out of service charges.
- The Government shall disburse minimum 75% Grant upto December of the year & the balance upto February.
- The Administrative machinery of the Chief Local Fund Accounts shall be strengthened to accelerate the audit.

There are mainly two sources of funds for the ZPs -(i) Government grants and (ii) ZPs' own income<sup>19</sup>. Funds required for the execution of various developmental activities are provided by the State Government and the Government of India (GOI) in the form of block grants. Grants from Government constitute more than 95 *per cent* of the funds of the ZPs.

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<sup>19</sup> Cess on land revenue, increased cess, matching grant in the form of local cess, cess on irrigation tax, agency commission, forest revenue grant, stamp fee grant and others.



As per the provisions of Mumbai Local Fund Audit Act 1930, the Chief Auditor Local Fund Accounts (CALFA) is entrusted with the Audit of ZPs & Panchayat Samiti Accounts.

Thirty third Review Report for the year 2003-04 on the Accounts of Panchayati Raj Institutions by the Chief Auditor, Local Fund Accounts, Maharashtra State included the following comments.

1). The audit for the year 2003-04 was completed by the CALFA in respect of 33 ZPs and 349 PSs.

2) As per the provisions of Zilla Parishad & Panchayat Samiti Act & the annual accounts of the ZPs for any financial year are required to be finalised by 30 June of the following year. However in respect of all 33 ZPs not a single Zilla Parishad had completed the accounts by due date and submitted them to CALFA for certification. After the accounts were submitted many omissions noticed in the accounts were to be rectified and hence they were not forwarded to CALFA for certification till December 2004.

3) As per the above provision the annual accounts of Zilla Parishad for a particular year are to be published in the Government Gazette by 15<sup>th</sup> November of the subsequent year. As the accounts were not finalised they could not be published.

#### **1.4.2 Release of Funds**

The financial support from the State Government for the implementation of various functions of PRIs is in the form of grants transferred on block basis as well as scheme linked appropriation from the Consolidated Fund of the State. Grant-in-aid in respect of certain Central Sector Schemes (such as Western Ghat Development Project, Integrated Waste Land Development Programme, Prime Minister's Gram Sadak Yojana etc.) and

Centrally Sponsored Schemes (such as Jawahar Gram Samridhi Yojana, Swarna Jayanti Gram Swarozgar Yojana, Employment Assurance Scheme, Indira Awas Yojana etc.) are directly released to the ZPs by the GOI.

Finance Department releases funds to ZPs quarterly for the first three quarters and monthly for the last quarter of the financial year according to the provisions made for different services, including salaries and maintenance grant, etc.

### **1.4.3 Application of funds**

Out of the funds so received, the PRIs provide funds for expenditure on salaries, spillover work, State Plan Schemes and State's share on Centrally Sponsored Schemes. These institutions determine the location where the asset has to be created and also identify the beneficiaries under different schemes. As such, schematic expenditure of the PRIs is covered under transferred schemes, agency schemes and own schemes of the ZPs. An illustrative list of schemes under the three categories is given in Annexure- I.

In all the 14 ZPs<sup>20</sup>, during the year 2003-04, while the expenditure on transferred schemes(TS) and agency schemes(AS) varied between 56.14 to 98.62 *percent*, it was only 1.38 to 43.96 *per cent* on ZPs own schemes. The details of expenditure incurred on the schemes were as under:

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<sup>20</sup> Amravati, Akola, Aurangabad, Bhandara, Dhule, Dadchiroli, Hingoli, Jalgaon, Jalna, Nashik, Nandurbar, Pune, Thane and Washim.

(Amount in crore of Rupees )

Name of Zilla Parishad	Expenditure TS & AS	% of Expenditure on TS & AS to total Expenditure	Expenditure Zilla Parishad's own Scheme	% of Expenditure on Zilla Parishad own schemes to total expenditure
Amravati	227.84	56.14	178.71	43.96
Akola	125.45	92.95	9.52	7.05
Aurangabad	355.05	95.73	15.83	4.27
Bhandara	110.02	86.73	16.84	13.27
Dhule	134.95	96.52	4.86	3.48
Gadchiroli	122.37	95.15	6.24	4.85
Hingoli	88.20	97.92	1.87	2.08
Jalgaon	289.57	59.24	199.26	40.76
Jalna	128.33	98.62	1.79	2.38
Nashik	600.75	91.27	57.45	8.73
Nandurbar	113.27	90.78	11.50	9.22
Pune	324.29	93.72	21.72	6.28
Thane	261.00	97.11	7.77	2.89
Washim	83.94	96.52	3.03	3.99

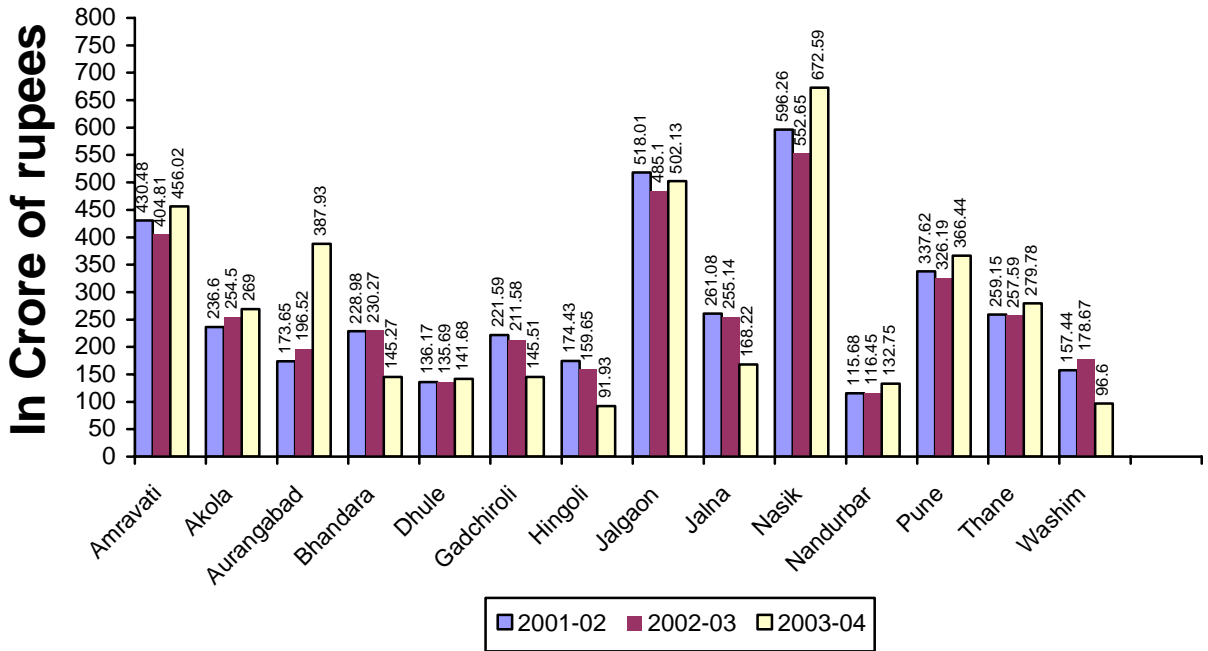
#### 1.4.4 Financial position of ZPs

The financial position of 14 ZPs for the financial years between 2001-2002 and 2003-04 is shown in the following graphs.

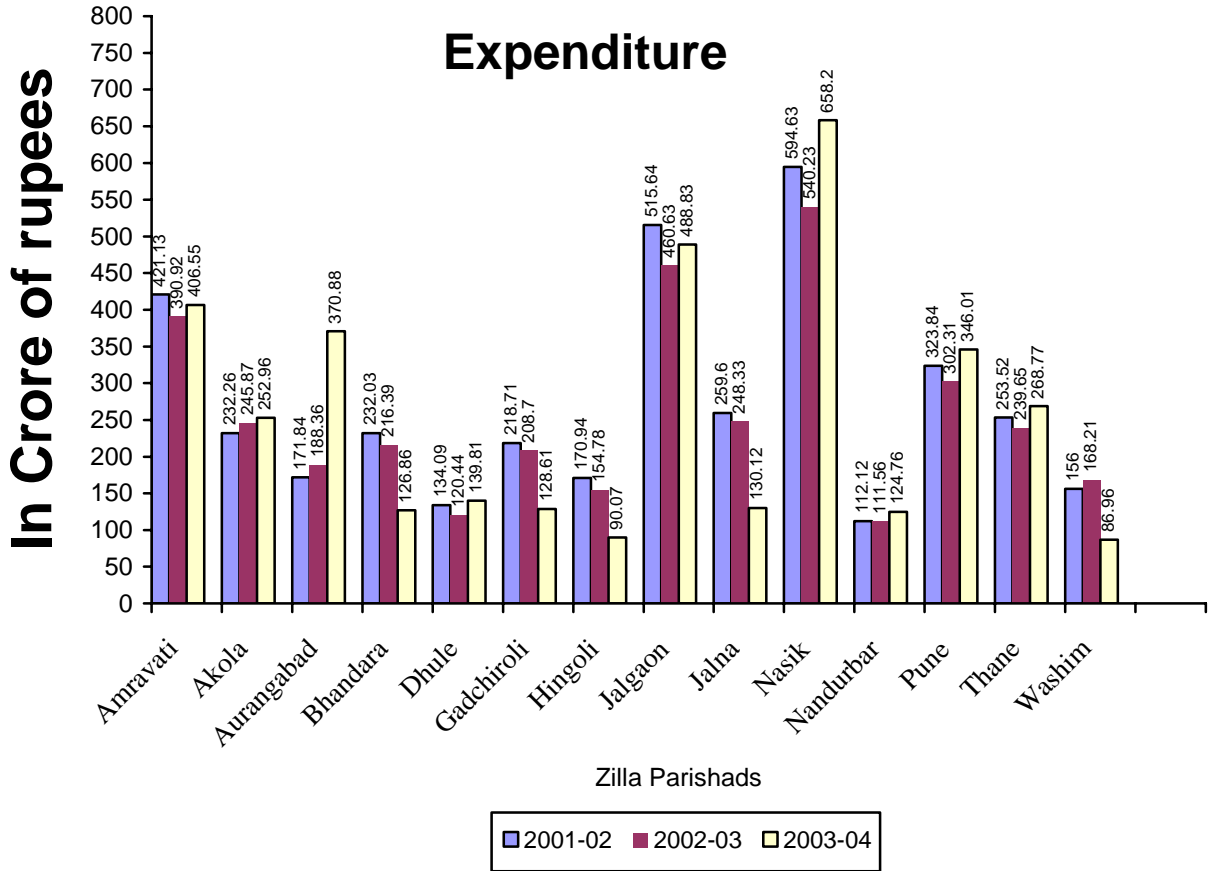
There was increase in receipt during the year 2003-04 as compared to 2002-03 in Amravati, Akola, Aurangabad, Dhule, Jalgaon, Nashik, Nandurbar, Pune and Thane and decrease in Bhandara, Gadchiroli, Hingoli, Jalana and Washim. This increase ranged from 3.51 percent (Jalgaon) to 97.39 percent (Aurangabad), and decrease ranged from 31.22 percent (Gadchiroli) to 46.04 percent (Washim).

There was increase in expenditure during the year 2003-04 as compared to 2002-03 in Amravati, Akola, Aurangabad, Dhule, Jalgaon, Nashik, Nandurbar, Pune and Thane and decrease in expenditure in Bhandara, Gadchiroli, Hingoli, Jalana and Washim. The increase range from 2.88 percent (Akola) to 96.89 percent (Aurangabad) and the decrease range from 38.37 percent (Gadchiroli) to 48.30 percent (Washim).

## RECEIPTS



GRAPH 1



**GRAPH II**

**Para 1.5 Outstanding Inspection Report and Paras.**

Audit observations on financial irregularities and defects in initial accounts/records noticed during local audit but not settled on the spot are communicated to the Heads of Offices and departmental authorities through Inspection Reports (IRs). The more important and serious irregularities are reported to the Government. Besides, statements indicating the number of observations outstanding for over six months are also sent to the Government for expediting their settlement.

At the end of March 2006, 408 Inspection Reports of Zilla Parishads and Panchayat Samities issued by Audit containing 1376 paras issued during the period 2001-02 to 2003-04 were pending settlement. The yearwise breakup of the outstanding Inspection Reports and Paras at the end of March 2006 was as under:-

<b>Year</b>	<b>Inspection Reports</b>	<b>Paragraphs</b>
Upto 2001-02	39	94
2002-03	47	170
2003-04	322	1112
<b>Total</b>	<b>408</b>	<b>1376</b>

## **CHAPTER-II**

### **Accounting Procedures and Audit arrangement in PRIs.**

#### **2.1 Accounting Procedure and Data Base Finances**

The accounting formats for PRIs have been finalised in consultation with the Accountant General, adopted by State Government & modified formats have been circulated to all Zilla Parishads by Rural Development Department, for preparation of accounts in these formats from the year 2001-02 onwards.

For easy access and availability, the data base is to be computerized and networked through VSat. The modifications/suggestions of the State Government on the formats I to VII of the database on finances of PRIs, examined and proposed by the C&AG, discussed with the Government in Rural Development Department, were forwarded to the State Government for adopting & implementing data collection & maintenance in these formats. However progress on this issue has not been communicated by Government in Rural Development Department. Department's comments in this regard are awaited.(April 2006)

Out of the total 11<sup>th</sup> Finance Commission grant of Rs. 591.05 crore received, Rs. 568.75 crore were passed on to PRIs for schemes & Rs.22.30 crore were reserved for database and passed on to PRIs. Out of this Rs. 5 crore have been utilized by PRIs for database and Rs. 17.30 crore utilized for maintenance of the schemes.

The introduction of double entry book keeping system in ULBs has been formalized by the Government and has been planned for implementation in a phased manner. However it is to be implemented by the Director of Municipal Administration.

## **2.2 Non accounting of drawals from treasury**

**Rs 29.92 lakh not accounted for in cash book.**

Monthly reconciliation of drawals from treasury and remittances into treasury is required to be carried out by the Chief Accounts and Finance Officer (CAFO) and certificate obtained from the Treasury Officer.

Rupees 28.62 lakh drawn from the treasury in March 2002 and March 2003 in Zilla Parishad Wasim and Rs.1.30 lakh drawn between April 2003 and March 2004 by Child Development Project Officer, Jamner, Zilla Parishad Jalgaon were not accounted for in the cash book.

The ZPs replied that the records would be verified with the treasury and the correct position intimated.

## **2.3 Non-reconciliation of balances of cash book and bank pass book**

**Non reconciliation for an amount of Rs 17.42crore was carried out.**

In 13 ZPs<sup>21</sup> reconciliation was not completed as of March 2004 due to which a difference of Rs 17.42 crore was noticed. This included 969 unencashed cheques (December 2004) amounting to Rs.4.05 crore, issued between February 2002 and March 2004.

**Cheques amounting to Rs 4.05 crore issued between February 2002 and March 2004 were not encashed and cheques for Rs.0.50 crore were not issued.**

In BDO, Shirpur, Dhule, 45 cheques for amounts aggregating Rs 0.50 crore were drawn in March 2004 but not issued upto August 2004. The ZPs stated that necessary action would be taken.

<sup>21</sup> Akola, Amravati, Aurangabad, Bhandara, Dhule, Dadchiroli, Hingoli, Jalgaon, Jalna, Nandurbar, Nashi, Thane and Washim.



#### **2.4 Delay in publication of annual accounts**

Annual accounts of ZPs should be published in the Government Gazette by 15 November of each year after certification by the Chief Auditor of Local Fund Accounts and approved by the respective ZPs.

In ZPs, Amravati, Gadchiroli, Hingoli and Nandurbar the delays ranging from 2 to 16 months were noticed (between January 2004 and March 2005) in preparation of the annual accounts for the years 2001-02 and / or 2002-03 resulting in delay in publication of the Accounts in the Government Gazette.

#### **2.5 Arrears in assessment of grants**

As per Government Resolution dated 9.10.1991, on finalisation the accounts every year the Zilla Parishad should complete assessment of grants for the respective department by December of that year. During scrutiny of records of ZP, Nasik it was observed that no Administrative Department at Mantralaya had taken effective steps to complete the assessment of grants. The major head wise position of non assessment of grants was as under:-

<u>Major Head - Department</u>	<u>Assessment pending since</u>
2053-General Administration	2001-2002
2202-General Education	1999-2000
2491-Agriculture	2001-2002
2403-Animal Husbandry	2001-2002
2215-Water Supply	2001-2002
2702-Minor Irrigation (Estt.)	1999-2000
2702-Minor Irrigation (Works)	1999-2000
2210-Medical and Public Health	- 2000-2001
2059-Public Works	- 2000-2001

The ZP stated that all the concerned departments would be requested to take necessary action for assessment of grants.

The reply of the Department is not tenable as due to non assessment of grants, expenditure incurred on many disallowed items remained undetected. Further excess expenditure under some heads remained to be regularized and saving under other heads, could not be surrendered which could have been utilized on other item where they were required.

## **2.6 Unspent balances not credited to Government account**

**Unspent grants of  
Rs 232.96 crore were  
not credited to  
Government account.**

As per Rural Development Department, Government Resolution of August 1989, the unspent grants are required to be credited to Government account by the end of August of the following year without waiting for completion of assessment.

In all the 14 ZPs<sup>22</sup> test checked unspent grants amounting to Rs 232.96 crore relating to the periods between 1992-93 and 2003-04 were not credited to Government account as of months between June-2004 and December-2004 (Annexure-II).

The ZPs stated that the unspent balances of the various heads would be credited to Government account after carrying out adjustments if any or receipt of grants from Government. The reply of the ZPs is not tenable, as the unspent grants are to be credited immediately to Government account.

## **2.7 Multiple bank accounts operated for District Rural Development Agency (DRDA) schemes**

As per the Para 4(2) of the accounting procedure for DRDA laid down by Government of India, Ministry of Rural Development in

<sup>22</sup> Akola, Amravati, Aurangabad, Bhandara, Dhule, Gadchiroli, Hingoli, Jalgaon, Jalna, Nasik, Nandurbar, Pune, Thane and Washim

the year 2001, multiplicity of bank accounts for one scheme was not permissible. Scheme wise account shall be opened in the nationalised/scheduled banks and funds received from Government of India/State shall be kept in the scheme account only.

It was however, noticed in Panchayat Samiti, Chandwad, under ZP, Nasik that the funds received from DRDA under Indira Awas Yojna (IAY) were parked in two bank accounts. Similarly two accounts were opened under the Swarna Jayanti Gram Swarojgar Yojana.

The BDO replied that in future all the accounts falling under a single scheme would be merged into a single account. The reply is not tenable, as opening of multiple bank accounts for a single scheme is not permissible as per the guidelines. It may also lead to inability of the ZP to keep effective financial control over the grants.

### **2.8 Lapsed deposits not credited to revenue head**

**Lapsed deposits of Rs 12.17 crore were not credited to revenue account**

As per provisions of Maharashtra Zilla Parishad. / Panchayat Samitis Account Code, 1968, any deposit remaining unclaimed for a period exceeding three years is required to be credited to revenue account as lapsed deposit.

Scrutiny of records of 10 ZPs<sup>23</sup> revealed that lapsed deposits amounting Rs 12.17 crore were not credited to revenue head even though the stipulated time limit of three years had elapsed.

### **2.9 Irregular retention of amounts under deposit head**

**Rs 4.85 crore were irregularly held under deposit account.**

As per Rule 214(d) of Maharashtra Zilla Parishad & Panchayat Samiti Account Code 1968, the amounts relating to contractors deposits, earnest money deposits, security deposits and matured

<sup>23</sup> Akola, Amravati, Aurangabad, Bhandara, Gadchiroli, Hingoli, Nasik, Pune, Thane and Washim

investments alone are to be kept in deposit account. However scrutiny of records revealed that the ZP Bhandara credited the unspent balance of grant of 56.34 lakh received under Dalit Basti Sudhar Scheme to deposit account as of January-2004.

In ZPs Pune and Jalgaon, amounts aggregating Rs 4.26 crore relating to schemes and other related accounts were lying under major head XI-Miscellaneous deposit account since 2000-2001.

In ZP, Amravati an amount of Rs.2.77 lakh under District Fund and Rs.0.22 lakh under Agency Scheme on cancellation of cheques between December 2001 and March 2003 were credited to the deposit account instead of the respective head of account.

#### **2.10 Non crediting of receipts to Government account**

From April 2000, Government of Maharashtra, in Agriculture and Animal Husbandry Department introduced the levy of service charges for various kinds of veterinary services which were earlier rendered free of charge. The receipts were required to be credited to Government account under Major Head 2403- Animal Husbandry 101-Service & Service charges-(ii) Misc. Receipts.

However, ZPs, Pune, Jalgaon and Bhandara, collected service charges of Rs 103.84 lakh on account of veterinary services during the period 2000-01 to 2003-04 & instead of crediting them to Government account they credited them to Zilla Parishad fund.

The ZP Pune stated that the amount was kept in ZP fund on the basis of Government circular (June 1999) which stated that income generated from any transferred scheme should not be handed over to Government but utilized on that scheme. This reply is not relevant as the GR dated 24.4.2000 clearly stated that the receipts were required to be credited to Government Account.

**Receipts of  
Rs 103.84 lakh  
were not credited  
to Government  
account**

The other two ZPs viz. Jalgaon and Bhandara replied that the service charges would be deposited into Government account as early as possible.

### **2.11 Excess expenditure over sanction**

As per the Maharashtra Zilla Parishad & Panchayat Samiti Act 1961, no re-appropriation of a budget item shall be approved unless provision therein is made for such Zilla Parishad having at its credit, at the end of financial year, a free revenue balance of not less than Rs. 5000 or such higher amount as the State Government may by general or special order specify in that behalf.

Scrutiny of annual accounts and related records of budget estimates of 7 ZPs<sup>24</sup> revealed that an amount of Rs 30.44 crore was spent in excess of the sanctioned grants (Annexure -III).

**Rs 30.44 crore were incurred in excess of sanctioned grants.**

The ZPs replied that the excess expenditure was being regularised by re-appropriation of grants of various departments in anticipation of sanction of Government.

The reply is not tenable, as the excess expenditure cannot be re-appropriated without approval/regularization by Government, which clearly indicates diversion of funds from various grants.

### **2.12 Inadequate contribution towards Depreciation Fund**

The Zilla Parishads are required to maintain a depreciation fund and the amount of depreciation on all assets at the prescribed rate is to be credited annually to this fund. A summary of assets is required to be disclosed in the annual report showing original cost of the assets, assets acquired during the year and assets on which no depreciation was provided with reasons etc.

**Short contributions were made to Depreciation Fund.**

<sup>24</sup> Akola ,Amravati,Aurangabad,Dhule,Gadchiroli,Nandurbar and Washim

Further, any accumulated balance in the funds shall be invested in securities and the amount on maturity along with interest credited to the fund.

Audit scrutiny revealed that Zilla Parishad Thane had made adhoc budget provision of Rs. 12.43 lakh as depreciation fund, against which Rs. 8.00 lakh were shown to be credited to the Depreciation Fund. The correctness of the amount worked out as depreciation and the sum credited could not be verified in the absence of any record of valuation of assets.

ZP Nandurbar was formed (July 1998) as a result of bifurcation of Dhule District into Dhule and Nandurbar. Zilla Parishad Nandurbar had received Rs.27.26 lakh from Zilla Parishad Dhule for creation of depreciation fund (February 2000) as a share of depreciation fund of Nandurbar. However, the amount was kept under Miscellaneous Deposit upto 30.5.2002 and thereafter invested in fixed deposit in Dhule District Central Co-operative Bank .Retention of the amount in Misc. Deposit from 16.2.2000 to 30.5.2002 and delay in taking decision to invest it in fixed deposit led to the loss of interest of Rs 3.18 lakh @ 5% per annum for 28 months.

In ZP Nasik, provision for depreciation for Public Health Centre and Panchayat Samiti head quarter building owned by ZP was not made.

### **2.13 Outstanding advances**

As per Rule 210 (b) of the Maharashtra Zilla Parishad & Panchayat Samitis Account Code, 1968, "Other Advances" shall be made only in rare cases with the sanction of the Head of the Department, provided the amount does not exceed Rs.1000 and no previous advance is remaining unadjusted. Where the amount of advance

**Advances of  
Rs 628.14 lakh paid  
to staff were  
outstanding for one  
to 48 years.**

exceeds Rs.1000 sanction of the Chief Executive Officer is required.

The CAFO and the BDO should ensure that the amount pending under 'Advances' is kept at the minimum and all pending items of advances are adjusted in time.

Scrutiny of records of 11 ZPs<sup>25</sup> and 4 PSs<sup>26</sup> revealed that advances amounting to Rs 6.28 crore paid to the heads of departments for various purposes and as personal advances were outstanding as of March 2003. These amounts were outstanding for periods ranging from 1 year to 48 years (Annexure-IV). This was due to non maintenance or improper maintenance of records in connection with advances and inability of the Zilla Parishad to take necessary follow up action for recovery from the concerned persons. Continued retention of advances could lead to misappropriation and even people may have retired after so many years, in which case the possibility of recovery becomes remote. Non adherence to the prescribed procedure and improper maintenance of records were reflective of weak internal control systems. .

CALFA in the Report of 2004-05, stated that the records in respect of loans granted were not maintained properly or were not maintained. Further the certificates for utilisation of loans were not furnished by the beneficiaries.

#### **2.14 Non crediting of interest to DRDA**

For implementing various centrally sponsored development schemes, GOI releases funds through DRDAs to the PSs. These funds are to be kept in nationalised banks by opening separate

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<sup>25</sup> Akola, Amravati, Aurangabad, Bhandara, Dhule, Gadchiroli, Hingoli, Jalgaon, Nasik, Thane and Washim

<sup>26</sup> Akkalkuya, Haveli, Indapur and Velhe

**Rs 182.78 lakh earned as interest were not credited to DRDA.**

savings bank account for each scheme. As per the accounting procedure for DRDA issued by GOI in the year 2001, the interest earned in respect of these savings bank accounts should be credited to DRDA for use as additional resource for the implementation of GOI schemes.

Scrutiny of records of 7 ZPs<sup>27</sup> and 1 B D O(Parola,ZP,Jalgaon) revealed that Rs 1.83 crore earned as interest on the amounts kept in the savings bank accounts at ZP level were not credited to DRDA as of March 2003.

The ZPs agreed to credit the interest amount to the respective DRDAs.

#### **2.15 Non distribution of grants**

Grants received on account of stamp duty, land revenue, land equalisation etc., from the revenue authorities, are required to be distributed by the BDOs to the concerned GPs within the same financial year.

**Grant of Rs 10.04lakh remained undisbursed in ZP Parbhani.**

Scrutiny of records of ZP Washim and Malegaon PS revealed that grants of Rs.4.31 lakh and Rs.5.73 lakh respectively received during the period 2002-03 were lying undisbursed with the ZP and PS as of January 2004.

The ZP stated that as the demand was received late from the BDOs the distribution of the grants to the GPs was delayed. The reply is not tenable, as there is no necessity to raise demand by Block Development Officer. Under Rule 153 and 158 of Maharashtra Zilla Parishad & Panchayat Samiti Act, out of the stamp duty received in respect of property situated within the jurisdiction of Panchayat, the Zilla Parishad shall pay 50 percent to the Panchayats.

<sup>27</sup> Akola,Amravati,Aurangabad,Bhandara,Gadchiroli,Hingoli and Washim



Due to non release of funds, schemes in Gram Panchayats suffered.

### **2.16 Outstanding dues from Government on account of assigned revenue**

**Cesses on land revenue and stamp duty of Rs.48.96 crore were not received from Government**

As per the provisions of the Maharashtra Zilla Parishad and Panchayat Samitis Act, 1961,(MZP&PS Act) cess is leviable on land revenue and stamp duty. The recovery of the same is effected by the Tahsildar/Sub-Registrar office respectively and the designated share is transferred to the Zilla Parishad in the form of assigned revenue.

In 4 ZPs<sup>28</sup> recovery of an amount of Rs.48.96 crore by way of cess on land revenue and stamp duty was outstanding for periods between

1 April 2002 and 31 March 2005. As this is a major source of income for the implementation of ZPs Own Schemes, non recovery of such a huge amount adversely affected the ZPs finances.

The ZPs replied that necessary action to recover the assigned revenue from Government is being taken. (September 2004).

### **2.17 Outstanding Agency Charges**

**Agency charges of Rs.263.07 lakh were not received by ZPs**

As per Section 123 of the MZP& PSAct, 1961, the State Government may entrust to any ZP or PS the execution or maintenance of works or development schemes where the ZP or PS acts as an agent of the State Government and pays a sum determined as Agency Charges.

The amount so recovered is to be credited to the ZP Fund for the implementation of the schemes.

<sup>28</sup> Jalgaon, Nandurbar Pune and Thane

In ZPs Jalgaon, Pune and Thane, Agency Charges of Rs.2.63 crore pertaining to the period between 1992-93 and 2003-04 were outstanding.

The ZPs replied that necessary action to recover this amount from Government is under process.

### **2.18 Outstanding IRs and Paras from CALFA Report**

The position of arrears of IRs & Paras pending settlement, pointed out by CALFA is as under:-

(Rs in crore)

Year of the report	No. of outstanding paras		Objected Amount	
	In respect of Govt. Funds	In respect of Own Funds	In respect of Govt. Funds	In respect of Own Funds
1962-63 to 1994-95	29399	16255	337.64	98.15
1995-96	3457	1774	102.25	32.20
1996-97	4504	2060	135.90	48.15
1997-98	5210	2407	243.87	71.11
1998-99	6403	2935	236.55	80.03
1999-2000	6982	2873	284.08	92.08
2000-01	8289	3208	212.31	66.19
2001-02	8279	3667	317.32	141.83
2002-03	12534	4680	410.05	74.78
<b>Total</b>	<b>85057</b>	<b>39859</b>	<b>2279.98</b>	<b>704.52</b>

## CHAPTER III

### IMPLEMENTATION OF SCHEMES UNDER Xth and XIth FINANCE COMMISSION

#### 3.1 XI Finance Commission

As per the guidelines issued by the XIth Finance Commission (F.C.) schemes which are not funded by the Central/ State Government or other agencies shall be taken up by the Panchayati Raj Institutions's from the grant from the FC. The grant should not be utilized for pay and allowances of the staff, office expenses or maintenance and repairs .No expenditure should be incurred on items which are not permitted by the State/Central Government. Preference should be given to tribal and backward areas. The grant should be utilized within one year from the date of disbursement, after which utilization certificate in the prescribed form should be submitted to the State Government within the time prescribed by the State Government. Failure to utilise the grant would result in its recovery from the Panchayati Raj Institutions.

##### 3.1.1 Non-utilisation of grant

As per the recommendations of the XIth Finance Commission, the central Government approved financial assistance of Rs. 131.25 crore per annum during 2000-01 to 2004-05, which was required to be utilized by the Zilla Parishads within a year from the date of release of grant and utilization certificates (UCs) were to be furnished, failing which the amount was to be recovered from PRIs.

Zilla Parishad Nashik had received grant of Rs. 0.80 crore during 2002-03 for construction of 65 one room school buildings, but due to cancellation of 9 works an amount of Rs 0.11 crore remained unutilized at the end of March 2005.

**Rs 0.11 crore  
remained unutilised  
in Nasik.**

Zilla Parishad Nashik did not furnish any reason for non utilization of the remaining grant.

As UCs in respect of grants utilized were not submitted to the Government by the Zilla Parishads, it shows inadequate coordination and improper planning by the administrative departments and failure to monitor the utilization of the XIth FC grant, thereby depriving the beneficiaries of the intended benefits.

### **3.1.2 Irregular utilisation of Xth/XIth Finance Commission grants**

As per guidelines issued by the GOI (October 1997), in order to avoid duplication in the sources of funding and executive agencies in other areas such as education, health and rural development, projects qualifying for grants under the scheme should normally be those not covered under any other scheme. The guidelines further stipulate that local bodies should provide matching contribution of not less than 50 and 25 percent of the grants received under the Tenth Finance Commission and Eleventh Finance Commission respectively. In case Local Body is unable to provide the matching contribution, the State Government shall provide the balance within three months or earlier, to the concerned Local Body.

**Matching contribution of Rs.2.92 crore was not made by the ZP**

ZP, Nandurbar had received the grant amounting Rs 285.94 lakhs under Xth Finance Commission during the period 1997-1998 to 1999-2000 and Rs.594.72 lakh under XIth Finance Commission during 2001-02 to 2002-03. Though the grants were fully utilized, the matching contribution at the prescribed rate amounting Rs.291.65 lakh was not provided by the ZP. Further the State Government also had not provided the matching contribution within 3 months to the Zilla Parishad Nandurbar. This shows failure of the State Government to provide matching contribution

which would have affected the implementation of the schemes and amounted to irregular utilisation of Finance Commission grants

Further, as per Government of Maharashtra resolution (September 1998), 15 percent from Xth FC grant of Rs.6.54 lakh was sanctioned for carrying out repairs to Primary Health Centre and Sub-centre Buildings etc.. However the ZP, Nandurbar utilised the grant for carrying out special repairs to the medical officer's quarters, staff quarters etc. which was not admissible under Xth FC

The ZP replied that the matter had been referred to Government (May 2004) for obtaining expost-facto sanction.

The reply is not tenable, as the expenditure was incurred on items of work which were not provided in the Government resolution.

### **3.1.3 Irregular diversion of Grants of XIth Finance Commission**

Scrutiny of records of ZP Gadchiroli and Jalna revealed that grants of Rs.173 crore and Rs.56.83 lakh respectively released (between January 2003 and March 2003) out of XIth Finance Commission grant were diverted for Yashwant Gram Samrudhi Yojana, Public Works and Women and Child Development Department works which were already taken up from the funds made available by other agencies.

ZP, Jalna replied that funds were allocated in accordance with the circular issued in October 2002 and February 2003 by the PWD & Water Conservation Department. ZP Gadchiroli replied that the scheme selected was approved by the State Government.

The replies are not tenable, as the above works were already funded by the World Bank and the Special Component Plan of the

**Irregular diversion  
of central grant of  
Rs 2.30 crore**

State Government and hence were not eligible for funding out of XIth FC grants.

### **3.2 Yashwant Gram Samridhi Yojana (YGSY)**

With a view to taking up development works in villages with peoples participation, the scheme of Yashwant Gram Samridhi Yojana was introduced by the State Government from 2002-03.

#### **3.2.1 Non release of grant to Gram Panchayat's(GPs)**

ZP Thane had received grant of Rs36.14 lakh for the year 2003-04, which was deposited in Z.P fund without being released (September 2004) to the GPs

The ZP replied that the unutilized amount would be released during the year 2004-05. The reply is not tenable, as release of funds at the fag end of the year is against the norms of financial propriety defeating the very purpose of the scheme, besides delaying the implementation.

#### **3.2.2 Irregular release of grant to G.P's**

Para 10 of the guidelines of the scheme stipulated that, out of the grants made available, one percent should be kept reserved for publicity and propaganda of the scheme. Out of the one percent amount, ZP could incur expenditure of 0.5 percent amount on publicity and propaganda with the approval of Government and the balance 0.5 percent amount was to be spent at Government level.

ZPs, Thane and Jalgaon received grant of Rs.661.80 lakh and Rs. 1737.64 lakh (Total Rs.2399.44 lakh) during 2002-03 and 2003-04 respectively. However, they had released grant to GPs without withholding Rs.11.99 lakh for publicity and propaganda (i.e. 0.5% of Rs.2399.44 lakh) to be spent by the ZP.

ZPs, Thane and Jalgaon replied that the matter would be referred to Government for guidance regarding actual amount of grant to be released to the GPs after adjustment of the 1 percent amount to be reserved. (0.5% with approval of Government and 0.5% at Government level.)

The reply is not tenable, as the guidelines clearly prescribed the percentage of grant to be reserved for publicity and propaganda which was not observed by the ZPs.

### **3.3 Development of women and children in rural area (DWACRA)**

#### **3.3.1 Non recovery of revolving fund from defunct working groups**

GOI launched the scheme of Development of Women and Children in Rural Areas (DWACRA) in 1982-83. As per the scheme, 10-15 rural women come together to form a group with a view to taking up business ventures for generating income for the group as a whole. Financial assistance in the form of working capital/revolving fund is to be given by Government through the BDO's to these groups for commencing business activities. In case the groups cease to function or they do not carry on the business or are declared defunct, the financial assistance paid to them as revolving fund stands recoverable from them.

Scrutiny of records of 7 PSs<sup>29</sup> revealed that 220 groups formed during the years 1989-90 to 1998-99 had become defunct. However, the financial assistance of Rs 45.13 lakh paid as

**Rs 45.13 lakh were not recovered from 220 groups declared defunct.**

<sup>29</sup> Akola, Amravati, Daund, Dindori, Jalna, Kalvan and Surgana

Government contribution towards the revolving fund to these groups was not recovered.

The scheme (DWACRA) was closed with effect from 1.4.99. Hence groups were not in existence. However a new scheme Swarna Jayanti Gramin Swarajgar Yojana was started in 2000 and the DWACRA was merged with this scheme from 2000-01. In most of the PSs no efforts were made by them to sustain the interest of the beneficiaries in keeping their groups. Block Development Officer, Dindori stated that though the scheme was closed, the groups would be given benefit under SGSY scheme.

Further the PSs concerned stated that action to recover the amount from the defunct groups would be taken. (March 2005).

### **3.4 Sarva Shiksha Abhiyan**

Sarva Shiksha Abhiyan (SSA) is a comprehensive and integrated programme of the Government of India for children attaining Universal Elementary Education in the country in a mission mode. The scheme was launched in the year 2001-2002 in partnership with the State Government .The SSA aims to provide useful and relevant education to all children in the age group of 6 to 14 by the year 2010.

#### **3.4.1 Non receipt of Utilisation Certificates**

The ZP Jalgaon had sanctioned and paid in March-2003 repairs grant of Rs.12.30 lakh to the concerned school committees for repairing 246 school rooms. As per the terms and conditions of the sanction order, the committee was required to furnish utilisation certificates, duly attested by the engineer of the PS. It was however seen that no such utilisation certificates were obtained by the Block Education Officer, Amalner.



The PS stated that necessary certificates would be obtained and kept on record for verification.

The reply is not acceptable, as in the absence of the UCs it could not be verified whether the grant was utilised for the purpose for which it was sanctioned.

### **3.5 Scheme of supply of uniforms to students**

#### **3.5.1 Irregularities in supply of uniforms to students.**

Irregularities in supply of school uniforms were noticed. Penalty of Rs. 1.19 crore was not recovered from suppliers.

The State Government scheme for free supply of school uniforms to BPL students of standards I to IV was implemented through the ZPs. Under the scheme, the cloth for the uniforms was to be procured from the Maharashtra State Powerloom Corporation (MSPC) and Maharashtra State Textile Corporation (MSTC) as per the specifications and at rates fixed by Government for ZPs other than Pune and Solapur during the year 2002-03. The Chief Executive Officer, ZP was to place work order on the Corporations after the demand was assessed. The cloth was to be supplied within two months from the date of issue of work order, failing which a penalty was leviable at the prescribed rates. The cloth was to be inspected by the committee formed by the ZP and after the inspection report was obtained the payment was to be made. The stitching agencies were to be decided by the ZP thereafter and uniforms were to be distributed at the beginning of the academic year.

**Irregularities in supply of school uniforms were noticed. Penalty of Rs 119.00 lakh was not recovered from suppliers.**

In respect of supply of ready made uniforms the penalty at the prescribed rate was leviable for failure to supply them within two months of the work order.

Audit scrutiny revealed that:

- In ZP Pune, grant of Rs. 34.42 lakh was received on 15 March 2003 for implementation of the scheme for the academic year 2002-03. An order for supply of 42001 uniforms at the cost of Rs.29.82 lakh was placed on 2 April 2004 with the Yervada Central Prison, Pune to be supplied by 2 June 2004. The prison had failed to supply the uniforms as of March 2005. Penalty at the rate of 10 percent per week for delay, on the cost of uniforms not supplied was leviable. The ZP had not initiated any action for levy and recovery of the penalty of Rs.1.19 crore for the period of delay of 40 weeks up to March 2005.
- For the year 2003-04, as per Government Resolution of October 2003, ZP Pune, purchased cloth worth Rs.12.80 lakh for uniforms, which was distributed to Mahila groups of the district for stitching. However, in the absence of relevant records it was not known whether all the stitched uniforms were received by the ZP and distributed to the beneficiaries. It was also noticed that grant of Rs.2.08 lakh received as stitching charges of uniforms was kept in ZP fund without being utilized.
- ZP Gadchiroli purchased cloth worth Rs.19.32 lakh in August 2003 for distribution to students during 2003-04. However, stitching agency was not fixed till January 2004, thereby not fulfilling the aim of the scheme.
- ZP Jalgaon was sanctioned Rs.10.12 lakh for purchase of cloth and stitching of uniforms. The order for purchase of cloth of Rs.7.75 lakh was placed in December 2003 with MSPC Ltd. and the consignment was received on 29.2.2004. The tender for stitching of uniforms was not

finalized and the stitching charges of Rs.2.35 lakh were kept in ZP fund as on October 2004. Failure to finalise the tender for stitching the uniforms resulted in the beneficiaries being deprived of the benefits of the scheme during the academic year 2003-04.

The ZPs replied that they had approached Government for clarification regarding finalization of the tendering process for such work.

### **3.6 Pradhan Mantri Gramodaya Yojana**

#### **3.6.1 Un due benefit to the supplier**

**Security deposit of  
Rs.11.50 lakh  
recovered short from  
supplier**

Under the nutrition component of Pradhan Mantri Gramodaya Yojana (PMGY), the children in age group of 0-3 years in the Rural Tribal Blocks were given supplementary nutrition for 120 days and food was supplied to the anganwadies directly by the supplier selected by the Commissioner, ICDS. Under the scheme an expenditure of Re. 1 per day per beneficiary was to be incurred and the bills forwarded by the Dy.CEO,ICDS to the Commissioner through CAFO,ZP for payment.

Scrutiny of records of ZP, Thane revealed that the Commissioner ICDS, Mumbai had fixed two agencies A & B for supply of nutritious food to 13 talukas in Thane District. Agreement was executed with the suppliers by the Commissioner, ICDS, in February 2003 for a period of one year. As per condition of the agreement, the suppliers were required to pay security deposit of Rs.11.50 lakh each being half of 3 percent of the combined agreement price of Rs.7.66 crore. Due to disqualification of one of the agencies "A" the entire order was placed with the other agency

in April 2003. However, the supplier was not asked to pay the remaining security deposit of Rs.11.50 lakh.

The ZP replied that the supply from the first Agency was temporarily suspended, hence the second agency was not required to pay the entire security deposit of Rs.23 lakh. The reply is not tenable, as the supplier was asked to supply the food for the entire district during the period of agreement.

### **3.7 Balika Samrudhi Yojana (BSY)**

With a view to improve the condition of the girl child, increase enrolment and retention of girls in schools, raise the age of marriage and assist them to undertake income generating activities, a 100 percent centrally sponsored scheme called Balika Samrudhi Yojana (BSY) was introduced from 1997-98 onwards. The scheme covered children born on or after 15 August 1997 in BPL families in rural as well as urban areas and the benefits were restricted to two girl children in each household.

#### **3.7.1 Non Utilization of Grants**

As per the scheme each girl child is entitled to a post birth grant of Rs.500 and an annual scholarship at the rate of Rs.300 to Rs.1000 per annum from Std.I to X for each successfully completed academic year in school. After utilising grant/annual scholarship on payment of premium for an insurance policy and purchase of books and uniforms, the unutilised grant is to be deposited by the beneficiaries in interest bearing accounts in Banks/Post Offices in joint account in the name of the girl child and the designated Government officer. The amount is payable to the beneficiaries after attaining the age of 18 years.

The Government of India releases funds to the State Government for disbursement to the implementing agencies through Commissioner, Integrated Child Development Scheme, who is

required to monitor the implementation and send a periodical report to the Governments. The selection of beneficiaries is to be done by VPs for submission to BDOs/CDPO for sanction of assistance payable.

Further as per Commissioner, Integrated Child Development Scheme letter dated 28.3.2003 the UCs are required to be produced in respect of amount utilized and unutilized amount is to be remitted by 15 September to the Commissioner, Integrated Child Development Scheme by cheque.

Scrutiny of records of Child Development Project Officer (CDPO), Dahanu revealed that grant of Rs.7.54 lakh received during 2003-04 for implementation of the scheme was not utilized, depriving the beneficiaries of the benefits of the scheme.

Final reply from the Child Development Project Officer, Dahanu was awaited (November 2005).

Scrutiny of the records of CDPO, Palghar revealed that out of a grant of Rs.6.22 lakh received in May 2004, expenditure of Rs.0.79 lakh was incurred leaving an unspent balance of Rs.5.43 lakh which was neither utilized nor surrendered, resulting in denial of benefits to the beneficiaries.

CDPO, Palghar replied that delayed implementation was owing to the delayed receipt of grants and that the unspent grants would be utilised.

The reply is not tenable, as the guidelines stipulated that the utilisation certificates should be produced to the Commissioner and unutilized amount should be returned to the Commissioner, Integrated child Development Scheme. However the necessary action was not taken by the Child Development Project Officer and the amount was kept idle thereby depriving the beneficiaries of the benefits of the scheme.

### **3.8 Irregular/Excess Expenditure on Supplementary Food Scheme**

As per Govt. of Maharashtra Department of Women & Child Welfare Resolution (May 1999), expenditure on supplementary food at the rate of Rs. 1.40 per day per child was allowed to be incurred by the department (except fuel & contingent expenditure) considering 25 working days in a month. The expenditure on the transportation of the supplementary food to be supplied to the Anganwadies was admissible to the supplier. However this did not include the cleaning charges.

Scrutiny of records of Child Development Project Officer, Kalyan under ZP, Thane revealed that expenditure of Rs.5.35 lakh was incurred on 5622 beneficiaries during March 2004 as against the permissible expenditure of Rs.1.97 lakh (Rs. 1.40 X25X5622). Thus against permissible expenditure of Rs. 1.97 lakhs actual expenditure incurred Rs. 5.35 lakh resulted in excess expenditure of Rs. 3.38 lakh. The ZP stated that the matter would be examined and remarks intimated to audit.

In ZP, Jalgaon it was noticed that cleaning charges of Rs.11.65 lakh were paid to the transporter in addition to transport charges for the transport of food grains from the Government godown to the anganwadies during 2002-03 and 2003-04 though it was not admissible.

The ZP replied that the payment was made as per agreement. The reply is not tenable, as the term “transportation” in the agreement was inclusive of cleaning charges and no separate cleaning charges were payable.

### **3.9 Matrutva Anudan Yojana**

Under Matrutva Anudan Yojana, financial assistance of Rs.800 for nutritious food was given to pregnant women belonging to tribal

population to prevent malnutrition. Scrutiny of records revealed that:

In ZP, Pune an amount of Rs.3.80 lakh was received during 2003-04 for distribution to the beneficiaries, out of which an amount of Rs.1.73 lakh was distributed to 217 beneficiaries. However details of the number of beneficiaries selected and individual payments made were not available on record .Consequently the correctness of the assistance given to the beneficiaries could not be verified from the records.

In ZP Nasik, an amount of Rs.18.61 lakh during 2002-03 and Rs.10.16 lakh during 2003-04 remained unutilized and was not refunded to Government. The ZP replied that the beneficiaries migrated to other places for work and returned to their homes only at the time of delivery when they got registered. The delay in registration resulted in grants remaining undisbursed.

The reply is not tenable, in the absence of corresponding evidence on record.

### **3.10 Uneconomic running of Regional Rural Water Supply Scheme (RWSS) due to poor recovery of water charges**

The RRWSS were initially taken up by the MJP and after they were completed they were handed over to the ZPs for maintenance & repairs. As per the Government GR No. 1098/ 211/ 07 dt. 14.12.1998, The District Maintenance Repairs Fund (DMR Fund) was to be created for the smooth running of the scheme and proper, timely and effective maintenance and repairs of the scheme after it was handed over to Zilla Parishad by MJP. The DMR Fund was to be created by crediting 20% of the total revenue collected on specific items by the ZPs but was to exclude

the water taxes and related revenue. Further the water taxes collected on drinking water and related revenue and also the amount realized by VPs on account of maintenance and repair on Borewells were to be created to the fund.

As per the revised guidelines issued by Government in Rural Development Departments in July 2000 for Rural Water Supply Scheme in the State 10% of the capital cost of the scheme is to be recovered from the beneficiaries by way of people/community contribution. Further 100% of the expenditure towards operation and maintenance is also to be borne by the beneficiaries by payment of appropriate water charges.

The water charges at the prescribed rates are to be collected from the GPs for the supply of water. However in ZP Pune it was noticed that recovery of water charges amounting Rs.2.85 crores were outstanding from various GPs as on 31 March 2004.

In ZP, Pune it was noticed that during the period 2002-03 and 2003-04 expenditure incurred on maintenance of schemes was in excess of the amount of water taxes recovered as shown below:-

(Amount in crore of rupees)

<b>Year</b>	<b>Expenditure Incurred on maintenance &amp; repairs.(Rs.)</b>	<b>Recovery of water taxes to be made (Rs.)</b>	<b>Actual recovery effected ( Rs)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
2002-03	5.75	0.98	0.36



2003-04	7.48	3.22	0.38
Total	13.23	4.20	0.74

The table indicates that as against the expenditure of Rs.5.75 crore and Rs. 7.48 crore incurred during 2002-03 and 2003-04 respectively the recovery effected was only Rs.0.36 crore and Rs.0.38 crore respectively. The scheme was therefore uneconomical.

The ZP,Pune replied that the recovery during the current year was higher than in the earlier years. The water rates were revised with effect from 30.6.2005.

The cost of repairs and maintenance of Hand Pumps and Electric pumps installed on bore wells of GPs was required to be recovered from the beneficiaries by the GPs and paid to the ZPs. The rate of recovery towards maintenance charges was Rs.500 per Hand Pump and Rs.2500 per Electric Pump per month.

ZP,Pune had employed staff for the maintenance and repairs of the hand pumps and electric pumps in the GPs. Expenditure on the staff and on spares and vehicles was borne by the Zilla Parishad.

It was observed that expenditure on establishment for maintenance and repairs was in excess of the revenue recovered on account of maintenance charges as shown below:-

(Amount in lakh of rupees)

<b>Particulars of Expenditure</b>	<b>Year 2002-03</b>	<b>Year 2003-04</b>
Expdr. on maint. of staff	49.35	61.65

Expdr. On spares	22.44	22.34
Expdr. On vehicles	8.40	10.36
Other Expenditure	2.26	0.13
Total	82.44	94.48
Receipts realised	51.13	59.11
Deficit	31.31	35.37

It is also noticed that the deficit had increased by 12.97 percent. The ZP replied that proposal had been submitted (December 2004) for increasing the rates of maintenance & repairs charges and final decision is awaited.

### **3.11 Non release of Grant under Sampoorna Gramin Rojgar Yojana**

The centrally sponsored scheme of Sampoorna Gramin Rojgar Yojana (SGRY) is intended to bring poor families above the poverty line by providing them income generating assets through Government subsidy and loan from banks. The beneficiaries are expected to take up income generating projects. After determining the viability of the projects, the PSs are required to deposit the subsidy amount with banks. Subsidy is to be released by banks after sanction of the loan component for the project submitted by the beneficiaries.

In 2 PSs<sup>30</sup> under ZP, Washim, subsidy amount of Rs.24.76 lakh deposited with the bank during 2001-02 to 2002-03 was not released to the beneficiaries, since the bank did not sanction the loan component of the project. The amount of subsidy deposited with the bank was required to be withdrawn. Further there were no reasons on records for non release of loan by the banks.

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<sup>30</sup> Mangrul and Risod

### **3.12 Unfruitful expenditure under National Bio-gas Development Programme**

**8837 biogas plants out of 30704 installed were not functioning**

Under National Biogas Development programme 30704 biogas plants were installed in ZPs Dhule & Nashik during the period 1982-83 to 2003-04, of which 8837 plants were not functioning after incurring expenditure of Rs.941.87 lakh.

As per Government of Maharashtra, Rural Development and Water Conservation Department circular (February 1999), expenditure on repairs of plants during guarantee period shall be made out of turnkey fees and service charges.

The ZP stated that due to non filling of dung and water regularly, technical problems, and carelessness in maintenance by the beneficiaries, the plants were non functional. Further due to drought, many beneficiaries had migrated with their cattle to other places. The ZP did not state the action proposed to be taken to repair the non functional plants

The reply is not acceptable, as Government was sanctioning grants for repairs and maintenance of the plants each year.

## CHAPTER IV

### EXECUTION AND PROCUREMENT

#### 4.1 Blocking of funds due to incomplete works

**Blocking of funds of Rs 89.93 crore due to 10327 incomplete works.**

In 14 ZPs<sup>31</sup>, 10327 works taken up under various schemes during periods between 1975-76 and 2003-04 were incomplete (March 2004). The expenditure incurred on these incomplete works was Rs 89.93 crore (Annexure- V).

#### 4.2 Idle investments

**Idle investment of Rs 11.32 lakh in Diesel and electric pumps**

**4.2.1.** Electric pumps are being distributed to SC/ST beneficiaries under various schemes with full subsidy under special component plan, other tribal sub plan and tribal sub plan, for overall upliftment of backward communities. Under scheme a total subsidy of Rs. 50,000 is given to the beneficiary, which includes items such as construction of wells, electric or diesel pump/agriculture implements and fertilizers.

There is no practice in Zilla Parishad to ascertain the availability of electricity connection before selection of beneficiaries & purchase of pumps.

Scrutiny of records of ZP, Aurangabad and 2PSs<sup>132</sup> there under revealed that 133 pumps (electric/diesel) purchased at a cost of Rs.11.32 lakh between 2000-01 and 2002-03 were lying undistributed to the beneficiaries due to non supply of electric connections. This resulted in idle investment of Rs.11.32 lakh as the Zilla Parishad do not ascertain the availability of electric

<sup>31</sup> Akola, Amravati, Aurangabad, Bhandara, Dhule, Gadchiroli, Hingoli, Jalgaon, Jalna, Nasik, Nandurbar, Pune, Thane and Washim

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<sup>32</sup> Silod and Gangapur

connection before selection of beneficiaries and purchase of pumps.

The ZPs and PSs replied that the pumps would be distributed to beneficiaries as and when the electric connection is obtained.

**Idle investment of Rs.14.55 lakh on construction of shopping complex**

**4.2.2** As per the scheme of construction of gram sachivalaya and shopping complex in all revenue circles, 50 per cent of the shopping blocks so constructed were to be allotted to persons falling under Below Poverty Line (BPL) category and the remaining 50 per cent were to be sold by way of auction.

In ZP, Washim 10 shopping blocks constructed at Injori, Taluka- Marona, at a cost of Rs.1.45 lakh each were not disposed off as required until January 2004. This resulted in idle investment of Rs.14.55 lakh.

The ZP replied that persons of BPL category were not in a position to purchase the shopping blocks. Further it was stated that the financial assistance up to Rs.10 lakh was being provided in SGS Yojana to BPL persons hence they did not come forward to purchase the shops.

The reply is not tenable, as under the SGSY scheme financial assistance up to Rs. 1.20 lakh only and not Rs. 10 lakh as mentioned in ZPs reply is available to the Self-Help-Groups.

#### **Avoidable Expenditure**

**Expenditure of Rs 6.38 crore incurred on PHCs was avoidable.**

**4.3** Government had prescribed norms that there should be one Primary Health Centre (PHC) for a population of 30,000 and 20,000 in general area and tribal/hilly area respectively, based on

1991 census. The norms prohibit continuation of PHCs at places where Rural Hospital (RH)/Civil Hospital (CH) is established, to avoid duplication of services. In such circumstances the PHC should be shifted to needy places.

It was, however noticed from the records of four ZPs<sup>33</sup> that PHCs at seven places<sup>34</sup> continued to function even though RHs were established in those areas. Thus avoidable expenditure of Rs 6.38 crore was incurred on the pay and allowances of staff and contingency on these PHCs during the period between November 1999 and March 2004.

While admitting that the expenditure was avoidable, the ZPs Jalgaon and Pune stated that proposals for the shifting of the PHCs would be submitted to the Government.

#### **4.4 Irregular splitting of works**

As per Government of Maharashtra Public Works Department Resolution (May 1999), works up to Rs 5 lakh can be awarded to Registered Labour Cooperative Societies.

Scrutiny of records of ZP, Pune revealed that two works of construction of road between Velhe –Kadave and Panshet Bhulwadi Gondekhed Road at a cost of Rs 20 lakh and Rs 25 lakh respectively were taken up. The work estimated at Rs.20 lakh was awarded to four societies viz.Majoor Sansthan, Shivaji majoor Sansthan, Majoor Sah Sansthan, and Majoor Sah Sansthan Hadapsar Pune by splitting it into four works of below Rs.5 lakh each.

**Two works with estimated cost of Rs.45 lakh were irregularly split in violation of codal provision**

<sup>33</sup> Amravati, Gadchiroli, Jalgaon and Pune

<sup>34</sup> Amouri, Churni, Gadchiroli, Indapur, Purandhar, Velhe and Varangaon

The other work at an estimated cost of Rs.25 lakh was awarded to five societies namely Shivaji Maharaj Sah Sansthan, Shivaji Maharaj Sah Sansthan Ltd Vakharwadi, Hanuman M.S.Ltd Velhe, Vardhini M.S Ltd Wakharwadi and Koreshwara M.S Ltd Baramati by splitting it into five works of below Rs. 5 lakh each.

The ZP stated that the splitting of the tender cost was done with the intention of getting the work done speedily with the approval of higher authority as there was no time for calling for tenders. The action of the department in splitting the works was irregular.

#### **4.5 Non-distribution/fixing of Khodas (Insemination crate cum Travis)**

**Non fixing/distribution of Khodas resulted in blockage of Rs.26.45 lakh**

As per guidelines of the XIth FC, Government of India and the State Government had released funds to purchase Khodas, ie. Insemination crate cum Travis for distribution to GPs through BDOs.

Scrutiny of records in ZP, Dhule revealed that out of 532 Khodas purchased during 2002-03 and 2003-04 at a cost of Rs 26.45 lakh 439 had been distributed but not fixed and the remaining 93 had not been distributed.

The ZP stated that 379 khodas were under the custody of Sarpanch /Gram sevaks and fixed at the respective villages and the remaining 93 khodas would be delivered to the respective GPs. The reply of the ZP that 379 khodas were fixed was not supported by documentary evidence.

#### **4.6 Loss of water charges due to non-transfer of Tanks to Societies**

Government had issued order in July 2000 to transfer all the Kolhapur Type (KT) weirs, Percolation Tanks (PT) to Registered Societies of beneficiary farmers for their management and maintenance. The societies were required to pay to Government

royalty at the rate of Rs.1,000 per tank per annum for KT weirs and Rs.10,000 per tank per annum for PTs and 20 per cent of the water charges collected during the earlier years from farmers..

In ZP, Jalgaon, 111 tanks had been completed upto March 2004 at a total cost of Rs. 9.05 crore but none of them were handed over to Societies as detailed below:-

(Amount in crore of rupees)

<b>Nature of Scheme</b>	<b>Number</b>	<b>Cost of completion (Rs.)</b>
Percolation Tanks	73	5.23
Kolhapur Type Weirs	38	3.82
<b>Total</b>	<b>111</b>	<b>9.05</b>

Apart from non-recovery of royalty and water charges from the societies, the burden of maintenance of these tanks remained with the ZP. The estimated loss on account of royalty worked out to Rs.30.70 lakh for a period 3 to 5 years.

The ZP stated that the PTs & KTs would be handed over to the societies and the charges recovered.



## CHAPTER V

### 5.1 Inadmissible payment of Transport Allowance

According to Government circular (May 2003) transport allowance shall not be admissible to government servants who are on vacation or on leave exceeding 30 days.

**Transport Allowance of Rs.10.61 lakh was paid for vacation period exceeding 30 days during the year 1998 to 2004**

In 3 PSs<sup>35</sup> under ZPs, Aurangabad and Amravati, scrutiny of records revealed that transport allowance was paid to the teaching staff even though the vacation period was more than 30 days during the months of May and June for the period 1998 to 2004. This resulted in inadmissible payment of Rs.10.61 lakh.

The ZP accepted the facts and agreed to effect the recovery.

### 5.2 Loss of Government Property

Scrutiny of records revealed that the Panchayat Samiti building in Bhor Municipal limits was destroyed by fire in May 2001 resulting in loss of Government property worth Rs.70 lakh .This was attributable to non installation of fire fighting machinery in Bhor Municipal Council, non insurance of the property and inadequate security measures like watch and ward security staff.

In January 2004, Government granted Rs.25 lakh for the construction of new Panchayat Samiti office building at Bhor in lieu of the old one. However, ZP Pune failed to utilize this amount during the year 2003-04. The unutilised grant was to be surrendered to Government at the end of the year, which was not done till date.

In reply ZP stated that the fire fighting machinery and insurance were not purchased due to non availability of fund and the grant of

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<sup>35</sup> Morshi, Silod and Soaigaon

Rs.25 lakh was retained in anticipation of Government approval for utilization of grant on above work during 2004-05.

The reply is not tenable as non surrendering of unutilised grants was irregular. Further non-procurement of fire fighting equipment and non-insurance of building exposes Zilla Parishad to continuing risk of fire and other hazards.

### **5.3 Non payment of attendance allowance**

With a view to change the negative attitude towards the girl child and to improve enrolment and retention of girls in school, an attendance allowance was payable at the rate of Re 1 per girl student per day to girl students who attended 75 per cent of the school days.

In ZP,Nasik the payment of attendance allowance amounting to Rs.12.22 lakh to 6319 girl students for the year 2003-04, was not paid .

The ZP stated that the bills were prepared but due to non-availability of funds payment could not be made (May 2006).

### **5.4 Non recovery of rent from shop holders**

A shopping complex consisting of 68 shops constructed by 3 ZPs<sup>36</sup> was let out on rent during the period between January 1986 and August 2001. Rent of Rs 28.29 lakh due from the tenants was, however, not recovered for periods falling between January 1986 and February 2004.

It was stated by Zilla Parishad Akola that court cases against 14 Shopkeepers were initiated in Gadchiroli. In legal proceedings

**Attendance allowance of Rs.12.22 lakh not paid for the year 2003-04 in ZP,Nasik**

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<sup>36</sup> Akola, Gadchiroli and Thane

were initiated and property was given to DRDA. In Thane the ZPs stated that special squad would be formed to effect recovery.

#### **5.5 Non recovery of license fee**

The Finance Department had prescribed (February 2001) the rate of license fee to be recovered from the Medical Officers drawing pay of Rs.5,000 and above as Rs.460 per month

**License fee of Rs.13.45 lakh was not recovered from 68 allottees.**

In ZP, Nasik between April 2001 and October 2004, license fee of Rs.13.45 lakh at the prescribed rate was not recovered in respect of 68 Government quarters allotted to Medical Officers of Primary Health Centres.

The ZP stated that the amount of license fee due would be recovered.

#### **5.6 Outstanding loan recovery under District Village Development Fund (DVDF)**

A District Village Development Fund (DVDF) was to be created with contribution from every GP at 5 *per cent* of their total receipts. The proceeds of the fund were to be utilised for advancing loans to the GPs for developmental activities in the village. The loan was recoverable in 10 annual instalments, along with interest at the rate of 5 *per cent* per annum. In case of default, penal interest at the rate of 2 *per cent* per annum was leviable. Recovery of loan was to commence after a moratorium period of one year.

**DVDF loan of Rs 2.76 crore and contributions of Rs 1.23 crore to the fund were recoverable from GPs.**

Scrutiny of records relating to DVDF in 8 ZPs<sup>37</sup> revealed that loan of Rs 2.76 crore was outstanding from the GPs as on 31 March 2004. Audit scrutiny further revealed that contribution of Rs 1.23 crore as per the Act towards DVDF was outstanding from GPs under 8 ZPs<sup>38</sup> as of 31 March 2004.

<sup>37</sup> Aurangabad, Bhandara, Hingoli, Jalgaon, Jalna, Nashik, Pune and Washim

<sup>38</sup> Amravati, Aurangabad, Bhandara, Gadchiroli, Jalna, Nasik Hingoli and Washim

**Recovery of misappropriation of Rs 9.92 crore was pending.**

## **5.7 Misappropriation of Government money**

Scrutiny of records of 11 ZPs<sup>39</sup> revealed that in respect of 2634 cases of misappropriation, recoveries amounting to Rs 9.92 crore were pending at the end of March 2004. No effective steps were taken by the ZPs/PSs for finalisation of the cases and for recovery of the losses.

The ZPs stated that action to recover the amount misappropriated by the officials of the GPs concerned was in progress.

## **5.8 Arrears of taxes**

**5.8.1** According to Section 124 (1) of the Bombay Village Panchayat Act, 1958 and the Maharashtra Gram Panchayat Fee Rules, 1960 read with Government resolution of June 1989, the GPs have been empowered to levy and collect taxes/charges annually from the beneficiaries.

In 9 ZPs<sup>40</sup> water charges and house tax amounting to Rs 10.17 crore as of 31 March 2004 were pending recovery from the beneficiaries.

**5.8.2** For availing irrigation facilities, cultivators are required to pay water cess to Government. Arrears of dues were recoverable as arrears of land revenue.

Scrutiny of records of ZPs Akola, Amravati, Aurangabad Gadchiroli and Washim revealed that water cess of Rs.31.15 lakh was outstanding against the beneficiaries as of March 2003.

Action taken for recovery of the outstanding dues was not furnished.

<sup>39</sup> Akola, Amravati, Aurangabad, Bhandara, Dhule., Jalgaon, Jalna, Nasik, Nandurbar, Thane and Washim.

<sup>40</sup> Akola, Amravati, Aurangabad, Hingoli, Jalgaon, Nashik, Nandurbar, Thane and Washim

**5.8.3** Scrutiny of records of ZP, Thane revealed that out of 492 water supply schemes, 112 schemes were non-functional and water was being supplied from the remaining 380 water supply schemes under 6 Talukas, for which water charges were recoverable from the beneficiaries. As against recovery of Rs.756.71 lakh, recovery effected up to Feb-2004 was only Rs.84.70 lakh leaving a balance of Rs.672.01 lakh. The poor recovery of the dues had an adverse effect on the Maintenance and Repairs of the scheme for which a certain per cent of the revenue is earmarked, affecting the efficient running of the scheme.

#### **5.9 Non recovery of repairs & maintenance charges**

The cost of repairs and maintenance of hand pumps and electric pumps installed on bore wells of GPs carried out by the ZPs were required to be recovered from the GPs by the PSs and paid to the ZP.

**Rs 6.68 crore was pending recovery towards repairs and maintenance charges of pumps.**

Scrutiny of records of 12 ZPs<sup>41</sup> revealed that for period between 1997-98 and 2003-04, Rs 6.68 crore was outstanding on account of recovery of cost of repairs and maintenance of hand and electric pumps (March2004).

The ZPs stated that special efforts were being made to recover the arrears. .

#### **5.10 Nugatory expenditure**

Government of Maharashtra resolution of April 2002 continued the scheme of employment of volunteers in Padas\* in tribal areas for providing basic health care during rainy season. The Director General of Health Services, Maharashtra State, Mumbai authorised

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<sup>41</sup> Akola, Amravati, Aurangabad, Bhandara, Gadchiroli, Hingoli ,Jalgaon, ,Jalna, Nandurbar, Nasik, Thane and Washim

\* Padas:- A group of houses in tribal areas (Mohallas)

**Inadmissible expenditure of Rs.28.80 lakh was incurred due to appointment of 1200 extra volunteers.**

(23 April 2002) appointment of one volunteer for each pada on a honorarium of Rs.300 per month.

Scrutiny of records of ZP, Gadchiroli revealed that there were 398 padas and 1634 villages in the district, as such only 398 volunteers should have been appointed. However, ZP had appointed 1598 volunteers during 2002-03 for 8 months from 1.5.2002 to 31.12.2002 and incurred an extra expenditure of Rs.28.80 lakh.

In reply ZP stated that the matter would be referred to Government for regularization.

**5.11 Non-recovery of local cess**

**Water cess of Rs.56.35 crore was not recovered**

Under the jurisdiction of Thane Zilla Parishad there are several lakes like Tansa, Vaitarna, Bhatsa, Upper Vaitarna, Sakhare and Barvi. The water from these lakes is being supplied by the BMC, Irrigation Department of the Government, Maharashtra Jeevan Pradhikaran and MIDC. As these lakes are under the jurisdiction of the ZP, it is entitled to recover water cess at the rate of Rs 0.20 per rupee of the total water charges collected by the BMC, Irrigation Department, MJP and MIDC.

However, as per the information furnished by the Zilla Parishad, an amount of Rs56.35crore was pending recovery from the concerned authorities as shown below:-

(Amount in crore of rupees)

Name of Agency	Supplying lake	Period	Amount of cess recoverable
BMC	Tansa	1.1.62 to 31.12.99	2.89
	Vaitarna	1.1.62 to 31.12.99	3.47
Irrigation Department	Bhatsa	1.1.72 to 31.12.99	12.73
	Upper Vaitarna	1.1.62 to 31.12.99	2.59
MJP	Sakhara Dam	1961 to 12/2000	26.27
MIDC	Barvi	1976 to 12/2000	8.40
	<b>Total</b>		<b>56.35</b>

An amount of Rs 7.21 crore was payable by the ZP to BMC/Irrigation Department, MJP and MIDC for the supply of water in the areas under jurisdiction of the ZP, Thane. Even if this were to be adjusted against the cess due to the Zilla Parishad, an amount of Rs.49.14 crore was still pending recovery.

ZP replied that the matter is taken at Government level and final decision is awaited from Government. The details of recovery would be intimated to audit.

#### **5.12 Non-recovery of TCL Power charges from BDOs**

With a view to eradicate water borne diseases and to make safe water available for drinking, TCL powder is mixed in the Wells/Tank water. GPs are supplied TCL Powder at subsidised rates through BDOs and 50 per cent of the cost is to be recovered from the GPs.

**Rs.20.66 lakh were not recovered from the GPs**

Scrutiny of records revealed that 2 ZPs<sup>42</sup> had supplied TCL Powder worth Rs.41.32 lakh during 2003-04, of which Rs.20.66 lakh (50 per cent amount) required to be recovered had not been recovered from the concerned GPs through BDOs

The ZP stated that the recovery would be made from the GPs.

#### **5.13 Non-recovery of cost of Primary Health Centre (PHC) building from corporation**

As per Government of Maharashtra Rural Development and Water Conservation Department letter of January 2003, the PHC buildings at Belapur and Uttan owned by ZP, Thane were transferred to New Mumbai Municipal Corporation and Mira Bhayander Municipal Corporation respectively ZP, Thane vide general resolution no.125 dated 26 March 2003 stated that the cost

**Rs.4.85 crore being the cost of PHC building and expenditure on the establishment remaining to be recovered from two Municipal Corporation**

of building and the pay and allowances of staff working in PHCs were required to be recovered from the concerned corporation.

It was noticed in audit that an amount of Rs.440.33 lakh towards cost of building and Rs.44.42 lakh towards pay and allowances for the period January 2003 to March 2004 of the staff had not been recovered.

The ZP stated that the matter would be taken up with the Government.

#### **5.14 Short recovery of taxes due to non revision of rates**

As per Government of Maharashtra, Rural Development and Water Conservation Department resolution (December 1999), the rates of house tax, street lights, health protection tax, general/special water tax etc. were revised with effect from April 2000.

Scrutiny of records of 4 ZPs<sup>43</sup> revealed that GPs had not revised the rates of taxes. This resulted in short realisation of taxes of Rs.89.29 lakh for the period 2000-01 to 2002-03.

ZPs agreed to recover the taxes as per revised rates.

#### **5.15 Outstanding loan under NCDC Scheme**

Under the National Co-operative Development Corporation Programme for assistance to poultry farmers for development of poultry activities, Government sanctioned loans repayable in 14 years along with interest. As per Government resolution of September 2002, the scheme was transferred to ZPs

Scrutiny of records of Jalgaon and Pune ZPs revealed that under the scheme, 6 societies were sanctioned loan of Rs.3.66 crore during the period 1991-93 to 1996-98, out of which Rs.6.36 crore (Principal Rs.2.58 crore + Interest Rs.3.78 crore) was outstanding as of 31 March 2004.

The ZPs replied that efforts will be made to recover the dues.

**Non revision of taxes resulted in short recovery of Rs.89.29 lakh**

**Rs.6.36 crore was pending recovery from 6 poultry societies.**

<sup>43</sup> Akola, Amravati, Bhandara and Jalna



### **5.16 Irregular utilization of 7 per cent forest revenue grant**

**Grant of Rs.1.72 crore was utilized on items of expenditure which were not permissible**

Under the Maharashtra Zilla Parishad and Panchayat Samiti Act, 1961 share of 7 per cent forest revenue is released to ZPs for spending on schemes for development of tribal people in forest areas. A list of items on which the grant could be utilised was notified under GR dated 12 January 1993.

Scrutiny of records of Gadchiroli and Hingoli ZPs revealed that an expenditure of Rs.1.72 crore was incurred on items which were not permissible.

### **5.17 Drawal of funds to avoid surrender**

**Rs. 15 lakh was withdrawn and retained by ZP, Bhandara**

The Government of Maharashtra vide Rural Development and Water Conservation Department resolution (March 2000), placed Rs.15 lakh at the disposal of the Chief Executive Officer (CEO) ZP, Bhandara for construction of road.

Scrutiny of records revealed that Rs.15 lakh was drawn from Bhandara Treasury on 31 March 2000 and kept in the District Fund by CEO. This was neither utilised for the purpose nor refunded to Government as of March 2003.

Drawal of funds and its retention without utilisation for the purpose was against the norms of financial propriety.

The reply is awaited from Zilla Parishad.

## CHAPTER-VI

### RECOMMENDATIONS

In the light of the findings by Audit, the following recommendations are made for consideration of Government:-

- (1) Contribution towards Depreciation Fund should be made as per the provisions of the Maharashtra Zilla Parishads and Panchayat Samitis Account Code, 1968, so that expenditure on replacement of assets could be met from this fund.
- (2) Effective steps should be taken to credit Lapsed Deposits to the revenue head.
- (3) Effective steps should be taken to adjust and recover the various advances granted to staff as some of the advances are outstanding since 1962.
- (4) Incomplete works should be taken up for completion under a time bound schedule on priority basis before taking up new works to avoid wasteful expenditure and blocking of funds.
- (5) Expeditious action should be taken to recover various charges/taxes/ loans.
- (6) Misappropriation cases should be investigated on priority and amount misappropriated recovered from the persons concerned.
- (7) Reconciliation of cash book with the bank pass book should be done on a regular basis.
- (8) Proper administrative control should be exercised to keep budgetary excess/saving under control.
- (9) Transfer of assets should be completed on priority basis so as to liquidate/reduce maintenance and repair and other related expenses on such assets.
- (10) Identification of beneficiaries under various schemes should be done by Gram Panchayats more meticulously.

**(11) Assessment of grants should be a time bound programme so that unutilized balances could be refunded.**

Mumbai,  
The

Principal Accountant General (Audit)-I,  
Maharashtra

**Annexure-I**  
**(Referred to in Para 1.4.3)**  
**List of schemes implemented by Zilla Parishads**

<p><b><u>Transferred Schemes</u></b></p> <ol style="list-style-type: none"> <li>1) Compensation to PRIs.</li> <li>2) District Balbhavan Grant</li> <li>3) School Nutritious Food Programme</li> <li>4) Book Bank Scheme</li> <li>5) Insurance Guarantee fee Scheme (Water Supply)</li> <li>6) Piped Water Scheme</li> <li>7) Scarcity Programme of Water Supply</li> <li>8) Strengthening of Z.P. Conventional resources (Water Supply)</li> <li>9) National Technology Science Mission (Water Supply)</li> <li>10) Dalit Basti Sudhar (Social Welfare)</li> <li>11) Grant-in-Aid to Hostels (Social Welfare)</li> <li>12) 100% Street Light Grant</li> <li>13) Financial assistance to backward Village Panchayats</li> <li>14) Gutter alongside road (Special Component Plan)</li> <li>15) Rural Sanitation Programme</li> <li>16) Gram Panchayat Land Revenue grant</li> <li>17) Gram Panchayat Land equalization grant</li> <li>18) Stamp Duty Grant</li> <li>19) Gram Panchayat minimum wages to staff grant</li> <li>20) Sant Gadgebaba Mission</li> <li>21) Yashwant Gram Samrudhi</li> <li>22) Pradhan Mantri Gramoday</li> </ol>	<ol style="list-style-type: none"> <li>23) Construction of Gram Panchayat Building</li> <li>24) Eleventh Finance Commission</li> </ol> <p><b><u>Agency Schemes</u></b></p> <ol style="list-style-type: none"> <li>1) Employment Guarantee Scheme</li> <li>2) Local Area Development MLA Fund</li> <li>3) Hilly Area Development</li> <li>4) Local Area Development MP Fund</li> <li>5) Art &amp; Culture Honorarium to Artist</li> <li>6) Santhibai Phule Scheme</li> <li>7) Nutritious Food</li> <li>8) Construction of Anganwadis</li> </ol> <p><b><u>Z.P. Schemes</u></b></p> <ol style="list-style-type: none"> <li>1) Repairs &amp; Maintenance of Zilla Parishad Assets</li> <li>2) Supply of seeds, pesticides, Agricultural implements, etc. to farmers.</li> <li>3) Repairing of Community Centre buildings.</li> <li>4) Supply of electrical motors under social welfare schemes</li> <li>5) Miscellaneous Women &amp; Child Welfare Schemes</li> <li>6) TCL Powder purchase for water supply Scheme</li> <li>7) Medicine supply to veterinary dispensaries</li> </ol>

**Annexure-II  
(Referred to in Para 2.6)**

**Unspent balances not credited to the Government account**

<b>Name of Z P</b>	<b>Period Between</b>	<b>Amount (Amount in lakh of Rupees)</b>	<b>Authority responsible for assessment</b>
Akola	2001-2002 to 2002-2003	722.70	1) Director of Agriculture 2) Commissioner Animal Husbandry 3) Director of Health Services Director of Social Welfare 4) Superintending Engineer, Works 5) Director of Education 6) Commissioner of Women & Child Welfare 7) Revenue Commissioner
Amravati	2001-2002 to 2002-2003	2551.89	
Aurangabad	2001-2002 to 2002-2003	1371.97	
Bhandara	1995-1996 to 2002-2003	255.07	
Dhule	1999-2000 to 2002-2003	1444.00	
Gadchiroli	2001-2002 to 2002-2003	2594.49	
Hingoli	2001-2002 to 2002-2003	539.60	
Jalgaon	2003-04	410.73	
Jalna	2001-2002 to 2002-2003	510.28	
Nandurbar	2000-2001 to 2003-2004	9753.00	
Nasik	2002-2003	178.18	
Pune	2002-2003 to 2003-2004	496.23	
Thane	2002-03 to 2003-2004	2224.37	
Washim	2001-2002 to 2002-2003	243.97	
<b>Total</b>		<b>23296.48</b>	

**Annexure-III**

**(Referred to in Para 2.11)**

**Excess over sanctioned grant**

**(Amount in lakh of Rupees)**

<b>Name of ZP</b>	<b>Year</b>	<b>Grants</b>	<b>Expr. incurred</b>	<b>Excess</b>
Akola	2001-2002	1710.18	1868.14	157.96
	2002-2003	07.17	15.25	8.08
Amravati	2001-2002	1045.44	1293.32	247.88
	2002-03	1523.61	2186.26	662.65
Aurangabad	2002-03	694.75	815.64	120.89
Gadchiroli	2001-2002	1118.78	1255.10	136.32
Dhule	1999.2000	10676.06	10863.44	69.38
Nandurbar	1999-2000	949.86	1185.86	236.00
	2000-2001	1371.32	2772.00	1400.68
Washim	2001-2002	11.12	13.18	2.06
	2002-2003	10.15	12.19	2.04
<b>Total</b>				<b>3043.94</b>

**Annexure- IV**  
**(Para 2.13)**  
**Outstanding Advances**  
**(Amount in lakh of rupees)**

S.No.	Name of Zilla Parishad/Blocks	Period since pending	Amount of Advance outstanding
1	Akola	1984-2003	57.90
2	Amravati	1984-2003	91.36
3	Aurangabad	1962-2003	25.67
4	Bhandara	1998-2003	5.96
5	Dhule	2001-2004	49.52
6	Gadchiroli	1999-2003	181.70
7	Hingoli	1991-2003	27.46
8	Jalgaon	1969-2004	89.66
9	Thane	1962-2003	34.21
10	Nandurbar (Akkalkuwa)	1998-2004	7.06
11	Nasik	1956-2004	17.08
12	Pune(Haveli, Indapur, Velhe)	1962-2004	22.32
13	Washim	1999-2003	18.24
	<b>Total</b>		<b>628.14</b>

**Annexure-V**  
**(Referred to in Paragraphs: 4.1)**  
**Incomplete works**  
**(Amount in lakh of Rupees lakh)**

Sr. No.	Name of ZPs	Scheme/Type of works	No. of works	Amount of expenditure incurred
1.	Hingoli,Nandurbar,Pune& Thane	Yashvant Gram Samrudhi Yojana	48	208.35
2.	Akola,Amravati,Dhule, Nandurbar& Washim	Minor Irrigation Works	86	820.24
3.	Akola,Amravati,Aurangabad,Dhule,Gadchiroli,Hingoli, ,Nasik,Pune,Thane and Washim	Jawahar Wells	4412	932.04
4.	Dhule,Gadchiroli,Hingoli,Jalgaon ,Nandurbar & Thane	E.G.S. Works	436	1222.67
5.	Dhule, Gadchiroli & Nandurbar	P.H.C. Building	45	97.04
6.	Amravati,Dhule,Jalgaon, Nasik,Pune & Thane	Rural Water Supply Scheme	291	1190.45
7.	Hingoli& Pune	Indira Awas	271	65.47
8.	Amravati	Sarva Shikshan Abhiyan	18	26.10
9.	Jalgaon,Nasik,Pune & Thane	P.M.G.S.Y.	28	452.65
10.	Pune	Road Works	4	49.95
11.	Akola,Aurangabad,Gadchiroli,Jalgaon,Pune,Thane& Washim	Dalit Basti Sudhar Yojana	287	443.26
12.	Dhule,Nasik & Thane	M.P./M.L.A.	14	317.07
13.	Akola	S.G.S.Y.	43	43.08
14.	Amravati,Gadchiroli, Nandurbar & Washim	O.T.S.P./S.C.P.	185	135.28
15.	Hingoli	S.G.R.Y.	21	35.89
16.	Dhule & Gadchiroli	Vetarinary Dispensery	18	88.18
17.	Amravati,Aurangabad,Hingoli,Jalgaon,& Washim	Other Misc.works	2420	2161.24
18.	Nandurbar	Gramin Niwara	250	22.50
19.	Nasik	Hilly Area Development Programme	21	18.68
20.	Nasik & Thane	XIth F.C.	9	7.07
21.	Dhule & Jalgaon	Jawahar Rojgar Yojana	1371	310.96
22.	Akola,Amravati& Aurangabad	Gram Sachivalaya	12	135.20
23.	Nandurbar	Storage Bandhara	19	33.31
24.	Amravati,Aurangabad,Bhandara,Jalna and Washim	Non acquisition of land	18	176.09
			<b>10327</b>	<b>8992.77</b>